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Board of County Commissioners Agenda Request 12

Date of Meeting: May 11, 2004

Date Submitted: May 5, 2004

To: Honorable Chairman and Members of the Board
From: Parvez Alam, County Administrator
Tony Park, P.E., Director of Public Works
Subject: Acceptance of Status Report on Issues Relating to Restructuring of Recreation Councils and Community Center Boards

Statement of Issue:

This agenda item seeks Board acceptance of status report and approval of staff's recommendations relating to the increased operational cost issues as it relates to the ongoing restructuring process for Recreation Councils and Community Center Boards.

Background:

In December 2003, staff presented a status report to the Board on the restructuring of the County's Recreation Councils and Community Center Boards, requesting approval to implement the transition of Community Center Boards and Recreation Councils to 501(c)(3) non-profit organizations (Attachment #1). The report outlined a number of necessary steps to be taken by staff and the volunteer boards in order to complete the transition process.

A key concern for members of the Recreation Councils and Community Center Boards is liability insurance coverage. Restructuring the Recreation Councils and Community Center Boards from Board-appointed committees to 501(c)(3) organizations, requiring the organizations to acquire their own insurance policies separate from Leon County.

Analysis:

Staff is proceeding with the restructuring of Board-appointed Recreation Councils and Community Center Boards and has met with outside counsel to outline the process of transitioning these groups to 501(c)(3) non-profit organizations. In addition to the fees of outside counsel, staff has identified a \$500 per organization filing fee to request non-profit tax exempt status (Attachment #1).

The liability insurance issue, regarding Board-appointed volunteer groups, may be resolved by requiring the Recreation Councils and Community Center Boards obtain coverage through an independent provider. For example, as an independent 501(c)(3) organization created for the purpose of providing youth sports instruction, the Recreation Councils may qualify as an "amateur sports provider" through private insurance carriers. This classification would make them eligible for general liability and accident insurance, directors' and officers' liability coverage, and extended coverage for additional insureds, such

as Leon County.

Additionally, as an operational cost-savings measure for the local Recreation Councils, organized athletic associations such as Little League Baseball should be independent of the Recreation Councils. The organized athletic associations should provide Leon County with their own liability insurance coverage and be included under a separate Park Facility License and Management Agreement. Little League organizations operating at Leon County park facilities currently maintain their own insurance through the parent organization Little League Baseball, Incorporated.

Staff recommends continuing the process of restructuring Recreation Councils and Community Center Boards as independent 501(c)(3) organizations. However, it is important to realize transitioning Recreation Councils and Community Center Boards to independent 501(c)(3) organizations will require these groups to absorb additional operating costs relating to equipment, fees, and other administrative expenses. These increased operating costs may be passed down to youth sports participants through increased user fees. To ensure recreation fees remain affordable for participants, the Board may choose to consider Grants-in-aid to the organizations, to subsidize the fees charged to participants. The subsidy would ensure operational costs would not be directly absorbed by youth sports participants, thereby ensuring programs remain affordable to children participating in youth sports activities and special events at Leon County park facilities.

The budget impact for assisting Recreation Councils and Community Center Boards in offsetting increased operational costs is expected to be approximately \$32,000 in FY2004/05, and should be presented as a budget issue during the current budget process. The \$32,000 represent the maximum amount of funding made available to the Recreation Councils and Community Center Boards, and funding in subsequent years is expected to be reduced, with the ultimate objective for groups to become self-sustaining, within a minimal amount of time. Additionally, staff recommends pursuing a separate Park Facility License and Management Agreement with Little League District #20 for youth baseball and softball programs at Leon County park facilities.

Staff plans to provide an agenda item to the Board for final review and approval, once Articles of Incorporation documents and License and Management Agreements are completed and prior to submission and filing. Staff will also be meeting again with the Recreation Councils and Community Center Boards when the formal proposal for restructuring is finalized. Final implementation would be scheduled to coincide with the commencement of FY2004/2005.

Options:

1. Accept the Status Report on Issues Relating to Restructuring of Recreation Councils and Community Center Boards and continue the Recreation Council and Community Center Board restructuring process while pursuing a separate Park Facility License and Management Agreement with Little League Baseball and Softball.
2. Prepare a budget item to discuss Grants-in-aid to Recreation Councils and Community Center Boards in FY 2004/05 to offset increased fees to recreation participants due to increased operational cost responsibilities of the organizations.
3. Do not continue the Recreation Council and Community Center Board restructuring process and do not pursue a separate Park Facility License and Management Agreement with Little League Baseball & Softball.
4. Board Direction.

Recommendation:

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Options #1 and #2.

Attachments:

1. December 2003 Status Report on the Restructuring of Community Center Boards and Recreation Councils

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